

Message Text

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53

ACTION EA-14

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-11 INR-11 LAB-06

NSAE-00 RSC-01 SIL-01 DODE-00 PA-04 USIA-15 PRS-01

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FM AMCONSUL MELBOURNE

TO SECSTATE WASHDC 2349

INFO "AMCONSUL BRISBANE BY POUCH

AMEMBASSY CANBERRA

AMCONSUL PERTH BY POUCH

AMCONSUL PORT MORESBY BY POUCH

AMCONSUL SYDNEY

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE MELBOURNE 1111

E.O. 11652: N/A

TAGS: ELAB, AS

SUBJECT: TRADE UNION REACTION TO AUSTRALIAN BUDGET

1. WITHIN MINUTES OF CONCLUSION OF BUDGET PRESENTATION BY TREASURER, FRANK CREAN, NATIONAL TELEVISION PROGRAMS FEATURED OPEN AND OFTEN ACrimonious DEBATE BETWEEN TREASURER, OPPOSITION LEADER SNEDDEN, AUSTRALIAN COUNCIL OF TRADE UNIONS (ACTU) PRESIDENT BOB HAWKE, AND REPRESENTATIVES OF BUSINESS AND CONSUMER GROUPS.

2. LABATT NOTES THAT PRINCIPAL ANTAGONISTS IN ALL THESE DISCUSSIONS WERE SNEDDEN AND HAWKE, WITH CREAN FILLING PURELY EXPOSITORY ROLE; AND WITH INPUT FROM OTHER PARTICIPANTS LIMITED TO NARROW SPECIAL INTERESTS POINTS OF VIEW.

3. BASIC IMPORTANCE OF TRADE UNION REACTION TO BUDGET WAS REPEATEDLY EMPHASIZED BY SNEDDEN'S PREDICTION THAT HAWKE

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WOULD HAVE DIFFICULTY IN "SELLING" BUDGET TO SPECIAL

MEETING OF ACTU EXECUTIVE PLANNED FOR SYDNEY, SEPTEMBER 23, 24 AND 25. ALL OTHER ELEMENTS HAVE BEEN RELEGATED TO BACKGROUND, AND SUCCESS OR FAILURE OF BUDGET HAS NOW BEEN PLACED SQUARELY ON SHOULDERS OF HAWKE. MUCH WILL DEPEND ON HIS ABILITY TO PROVIDE LEADERSHIP IN SUPPORT OF GOVERNMENT OBJECTIVES.

4. TRADE UNION LEADERS THROUGHOUT COUNTRY WITH WHOM LABATT HAS TALKED, INCLUDING SOME WHO WILL PARTICIPATE IN SYDNEY MEETINGS, PREDICT THAT HAWKE'S CHIEF TROUBLE WILL COME FROM ULTRA-LEFT WHO WILL SEEK TO EMBARRASS GOVERNMENT BY IMPAIRING TRADE UNION COOPERATION ON WHICH WHOLE BUDGET DEPENDS.

5. LABATT REPEATS WITH SOME SYMPATHY, THE OPINION OF HAWKE'S OPPONENTS DURING TV DEBATES, THAT BUDGET GAINS FOR WORKERS WILL UNDOUBTEDLY BE EATEN UP IN ENSUING MONTHS BY INCREASED DIRECT TAXES; INCREASING INFLATION; AND FRACTIONAL INCREASES IN UNEMPLOYMENT. WITH REGARD TO LAST POINT, LABATT REPORTS THAT HAWKE HAS NOW PUBLICLY SHIFTED TO ACCEPT SMALL INCREASE IN UNEMPLOYMENT RATE, PRESENTLY ABOVE 2 PERCENT. HAWKE LAST NIGHT INDICATED TRADE UNIONS WOULD PUSH FOR NEW BUDGET, ON EMERGENCY BASIS, IF UNEMPLOYMENT RATE IN NEXT FEW MONTHS INCREASES TO 3 PERCENT.

6. COMMENT: BUDGET OF TREASURER CREAN, KEYNESIAN WITH LARGE GOBS OF GALBRAITH, IS PRIME TARGET FOR ECONOMISTS ON RIGHT AND LEFT. IN LATTER CASE, PARTICULARLY AMONG THOSE TRADE UNIONISTS SENSITIVE TO DISCIPLINES OF VARIOUS COMMUNIST THINK TANKS. HAWKE, WHOSE HEALTH CONTINUES QUESTIONABLE, NOW SQUARELY IN MIDDLE AS CHIEF DEFENDER OF GOVERNMENT POLICIES WITHIN TRADE UNION MOVEMENT. AT SAME TIME HE WILL CARRY WHOLE BURDEN OF HOLDING TOGETHER AUSTRALIAN LABOR PARTY (ALP) OF WHICH HE IS ALSO PRESIDENT, THROUGHOUT THE STATE ORGANIZATIONS. NOTABLY MISSING FROM TV SCREENS IN POST-BUDGET DISCUSSIONS WERE PREMIERS OF LABOR-LED STATES, SOUTH AUSTRALIA AND TASMANIA. UNDOUBTEDLY, PREMIERS DUNSTAN AND REECE LIMITED OFFICIAL USE

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WILL NOT ENJOY SHARING, WITH PREMIERS IN LIBERAL PARTY-LED STATES, THE BURDEN OF INCREASING STATE LEVIES WHEN FEDERAL GOVERNMENT HAS RELIEVED TAXPAYERS IN LOWER INCOME BRACKETS. HAWKE WILL HAVE TO CARRY THE BATTLE IN ALL STATES WHEN NORMALLY HE COULD EXPECT TO LEAVE TASMANIA AND SOUTH AUSTRALIA TO LOCAL LEADERS. LABATT PREDICTS A LONG, HOT SUMMER FOR AUSTRALIA.
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